

## Key Financial Highlights

### Gross Loans & Advances to Customers

**P4.8 billion** ▲  
(Dec 24: P4.7 billion) 1%

### Customers' Deposits

**P4.6 billion** ▲  
(Dec 24: P4.5 billion) 2%

### Total Assets

**P5.6 billion** ▲  
(Dec 24: P5.6 billion) 1%

### Interest Income

**P556.0 million** ▲  
(Dec 24: P479.7 million) 16%

### Interest Expense

**P412.0 million** ▲  
(Dec 24: P269.6 million) 53%

### Operating Income

**P182.2 million** ▼  
(Dec 24: 260.6 million) -30%

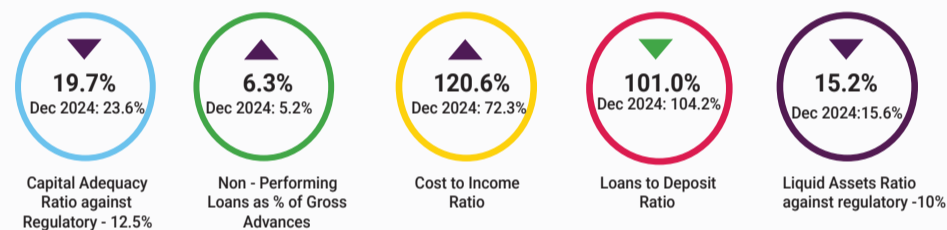
### Total Expenses excluding ECL and Other impairments

**P219.1 million** ▲  
(Dec 24: P188.7 million) 16.1%

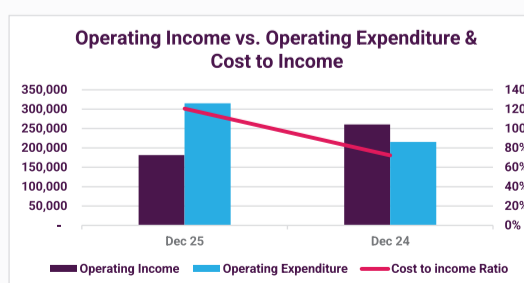
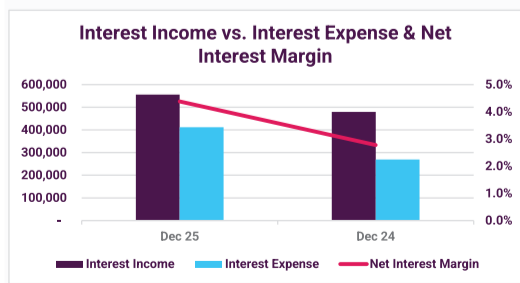
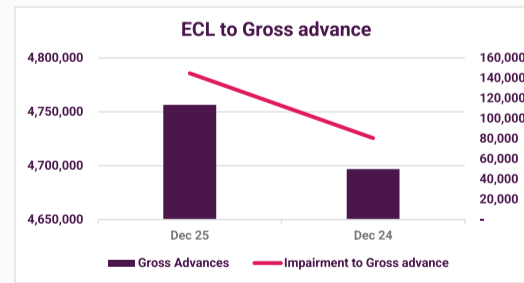
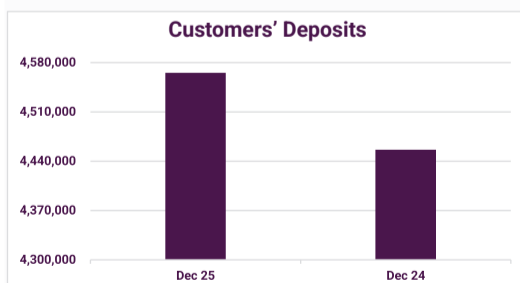
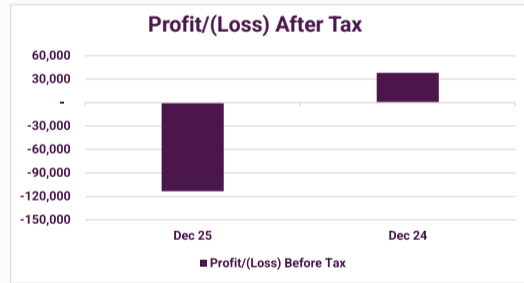
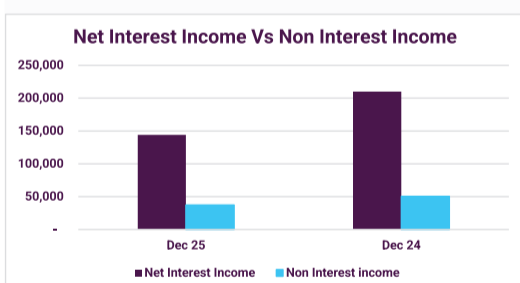
### Profit/(Loss) for the year.

**P(113.3) million** ▼  
(Dec 24: P38.1 million) -397%

## Key Financial Ratios



## Financial Graphs



The Directors of BBS Bank Limited ("the Group") hereby present the results for the year ended 31 December 2025.

BBS Bank, licensed on 06 October 2022, remains in its early growth phase and is on year four of its five-year transformation strategy. During this formative period, the Bank has been deliberately building its base, strengthening its balance sheet, deepening its product offering, growing its deposit book, and investing in the infrastructure needed to support sustainable long-term growth. The results for the year should be considered within this context.

The 2025 financial year presented a particularly challenging operating environment, shaped by a confluence of macroeconomic and structural factors that weighed heavily on the Bank's performance. Market liquidity tightened considerably during the year, intensifying competition for deposits across the banking sector and driving funding costs sharply higher. At the same time, the domestic economy continued to feel the effects of weakness in diamond mining, which constrained government revenues, suppressed consumer incomes, and dampened overall economic activity. These pressures on household disposable income translated directly into higher default rates across the Bank's lending portfolio, particularly in the unsecured book.

Despite the challenging economic environment, the Group remained strong and preserved its core financial ratios, maintaining a capital adequacy ratio comfortably above the Bank of Botswana's minimum requirement of 12.5%, while the liquid asset ratio remained above the statutory minimum of 10%.

### Progress in advancing our strategic priorities

Notwithstanding the above challenges, throughout 2025, the bank continued to deliver its strategic priorities, with focused initiatives supporting its commercialization agenda and long-term sustainability. This includes actions targeted to strengthen capital and liquidity within a competitive environment, reinforcing risk discipline, and enhancing operational efficiency, while continuing to invest in technology and organisational capability.

A key milestone during the year was the upgrade of the core banking system, a critical enabler for improved agility, scalability, and service delivery. The Bank also expanded its digital platforms to enhance customer experience, established a dedicated Business Banking unit to better serve enterprise clients, and strengthened its correspondent banking capabilities to support international transactions and trade.

These initiatives have strengthened the Bank's foundation and positioned it for sustainable future fit growth.

### Global and Local Economic Overview

The Bank continues to monitor global and domestic economic developments to ensure alignment of its risk management framework and strategic execution.

Globally, the IMF forecasts growth to remain stable at 3.3% in 2026 and 3.2% in 2027, with headline inflation easing from 4.1% in 2025 to 3.4% by 2027. These projections carry downside risk, however, as the ongoing conflict in the Middle East threatens to sustain elevated oil prices and reignite inflationary pressures, particularly in emerging markets exposed to imported inflation and exchange rate volatility.

Locally, GDP growth of 8.2% was recorded in Q3 2025, rebounding from a contraction of 5.3% in Q2 2025. This recovery was largely driven by front-loaded diamond sales ahead of Jwaneng Mine's Q4 maintenance shutdown and is not indicative of a sustained trend, the full-year 2025 GDP outturn is still expected to reflect a contraction. Inflation edged up to 4.1% in January 2026 from 3.9% in December 2025, driven by fuel price adjustments and exchange rate pressures, and is forecast to remain within the 3-6% target band in 2026.

The outlook for 2026 remains cautious. Consumer finances remain stretched, and the Bank of Botswana maintained the Monetary Policy Rate at 3.5% in early 2026 to support the Pula and manage liquidity conditions. Diamond sector performance will remain a key determinant of economic momentum, and any further softening in major markets such as China could weigh on government revenues and broader economic activity.

### Summary of Financial Performance

The Group recorded a loss after tax of P113.3 million for the year ended 31 December 2025, compared to a restated profit of P38.1 million in 2024.

This performance was primarily driven by:

- A significant increase in interest expense due to heightened competition for deposits.
- A sharp rise in credit impairments reflecting the difficult economic environment.
- A once off impairment of a non-financial asset relating to the CBD Head Office Work in Progress.
- Lower non-interest income.

Despite these challenges, total assets remained stable at P5.6 billion, deposits grew modestly, and all regulatory ratios were maintained above prescribed minimums.

### Overview of Statement of Financial Position

- The Group's total assets remained broadly stable at P5.6 billion as at 31 December 2025, reflecting a marginal increase of 0.8% from P5.6 billion (restated) as at 31 December 2024.
- The loan book remained stable, with loans and advances to customers at P4.6 billion (2024 restated: P4.6 billion). In response to tight market liquidity, the bank adopted a prudent and disciplined balance sheet strategy. Consequently, the Bank prioritized portfolio quality over growth, which, together with higher funding costs, placed pressure on net interest income.
- Deposits grew to P4.6 billion from P4.5 billion, with continued growth in both retail and corporate segments. Growing current and savings accounts remains a priority for 2026, to expand the deposit base and continue to optimize our funding mix.
- Borrowings decreased from P256.0 million to P199.5 million, reflecting scheduled repayments during the period from our strengthened funding profile. Debentures remained relatively stable at P204.5 million (2024: P204.1 million). During the year, the Group raised additional Tier II capital facility of P50 million to further strengthen its capital position.
- Shareholder equity decreased from P528.2 million (restated) to P414.9 million, driven by the net loss recorded for the year.
- Accumulated losses increased from a positive balance of P40.8 million (restated) to a deficit of P72.5 million.

### Overview of the Statement of Profit or Loss and Other Comprehensive Income

- **Net Interest Income (NII)** declined by 31.5% year-on-year, from P210.1 million (restated) to P144.0 million. While net interest income was impacted by elevated funding costs, interest income itself grew by 15.9%, from P479.7 million to P556.0 million reflecting the underlying strength of the Bank's earning assets. Interest expense increased by 52.9% from P269.6 million to P412.0 million. Margins were therefore compressed throughout the year, representing the primary driver of the loss.
- **Net fee and commission income** increased modestly by 4.4%, from P33.8 million (restated) to P35.3 million. Fee income grew from P35.0 million to P36.7 million, while fee expenses rose from P1.2 million to P1.5 million. This reflects the Bank's continued efforts to diversify its income streams through transactional banking and service offerings.
- **Other income** declined significantly from P16.7 million to P2.9 million. The prior year benefited from profits on disposal of certain properties previously owned by the Bank. The absence of these non-recurring gains in 2025, combined with lower dividend income at the Group level, accounts for the reduction in other income.
- **Charges for Expected Credit Losses (ECL)** for the year amounted to P77.5 million, compared to P19.1 million in the prior year, reflecting the pressure of the current operating environment. The impairment coverage ratio increased to 3.03% (2024: 1.71%), and the Stage 3 coverage ratio increased to 26.63% (2024: 22.86%), reflecting a more conservative and forward-looking approach to credit risk management.
- **Other impairment losses** rose from P7.9 million to P19.4 million as a result of the impairment of the carrying value of the BBS Bank Head Office work in progress. This is a non-recurring charge and does not reflect the ongoing operational performance of the business.
- **Operating expenses, excluding ECL and other impairments**, increased by 16.1%, from P188.7 million to P219.1 million. Personnel expenses rose from P93.1 million to P100.3 million, reflecting salary adjustments and continued investment in human capital to support the Bank's transformation agenda. Other operating expenses increased from P80.8 million to P103 million, driven by the ongoing build-out of banking infrastructure, technology investments, and transformation-related costs. Depreciation and amortisation also increased from P14.8 million to P15.8 million, aligned with continued investment in intangible assets and property.

### Prudential Ratios

#### Capital Adequacy Ratio

The Capital Adequacy Ratio (CAR) stood at 19.74% as at 31 December 2025, compared to 23.63% at 31 December 2024 (restated). While the ratio has decreased, it remains comfortably above the Bank of Botswana's regulatory minimum of 12.5%. During the year, the Group raised a P50 million Tier II capital facility to further strengthen its capital position. The Group's commitment to prudent capital management continues to ensure regulatory compliance and underpin strategic growth.

#### Non-Performing Loans Ratio

The Non-Performing Loans (NPL) ratio increased from 5.23% to 6.28%, reflecting the deterioration in credit quality driven by the difficult local economic environment. The Bank implemented active credit monitoring and enhanced collection efforts throughout the year, and the underlying loan portfolio remains predominantly collateralised with conservative loan-to-value levels.

#### Cost to Income Ratio

The Cost to Income Ratio increased to 120.6%, from 72.3% for the year ended 31 December 2024 (restated). This deterioration was driven by the sharp decline in net interest income due to higher funding costs, combined with an increase in operating expenses. Management remains focused on improving this ratio through income diversification and cost discipline, with targeted improvements expected as the Bank's deposit base and loan book rebalance in 2026.

#### Loans to Deposit Ratio

The Loans-to-Deposit Ratio improved to 101.1% as at 31 December 2025, from 103.5% (restated) as at 31 December 2024. This improvement reflects the modest growth in deposits outpacing the stable loan book growth, as the bank continued with its disciplined balance sheet approach.



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## Liquid Asset Ratio

The Group's liquidity position remained adequate, with a Liquid Asset Ratio of 15.2%, supported by approximately P745 million in high-quality liquid assets comprising cash reserves held with the central bank and highly liquid marketable securities. This comfortably exceeds the statutory minimum of 10%. Additionally, the Group has access to established credit facilities, providing further liquidity resilience.

## BBS Insurance Agency Limited

BBS Insurance Agency Limited, a 100% owned subsidiary of BBS Bank Limited, continued to contribute positively to the Group as a key component of the diversification strategy, recording a profit after taxation of P9.6 million (2024: P12.9 million) and net asset position of P11.1 million (2024: P21.2 million). The subsidiary declared and paid a dividend of P12.031 million to BBS Bank Limited during the year ended 31 December 2025 (2024: P12.130 million). This dividend is included in Other Income in the Bank's separate financial statements. The subsidiary continues to provide bancassurance services, positioning the Group as a one-stop financial services provider.

## Outlook

Looking ahead, economic conditions are expected to remain constrained in the short term. Consumer incomes continue to face pressure due to slow economic growth and weakness in key sectors such as diamonds. Rising global oil prices and inflationary pressures are also expected to further strain households and businesses. While economic conditions will remain challenging, we forecast a decline in funding costs on the back of balance sheet restructuring and stable market liquidity. The Group continues to mitigate these pressures through prudent liquidity management, balance sheet optimization, and cost discipline.

The Board, Management, and Staff remain dedicated to building on the foundational work undertaken during the transformation period, enhancing and diversifying the Bank's offerings, and ensuring that all stakeholders benefit from the continued journey towards sustained profitability.

## Summarised Statement of Financial Position At 31 December 2025

	Group		Company		Company	
	Restated 31 December 2025 (Audited) P'000	Restated 31 December 2024 (Audited) P'000	Restated 1 January 2024 (Audited) P'000	Restated 31 December 2025 (Audited) P'000	Restated 31 December 2024 (Audited) P'000	Restated 1 January 2024 (Audited) P'000
<b>ASSETS</b>						
Cash and cash equivalents	584,706	675,794	829,354	584,038	670,426	808,405
Financial investments	154,145	32,731	8,783	154,145	32,731	8,783
Balance due from related company	-	-	-	822	1,099	3,756
Non-current assets held for sale	-	-	12,593	-	-	12,593
Current tax receivable	901	-	68	-	65	68
Properties-in-possession	9,040	14,002	26,580	9,040	14,002	26,580
Other assets	70,817	68,560	68,897	69,846	63,447	67,931
Loans and advances to customers	4,611,613	4,616,138	4,049,040	4,611,613	4,616,138	4,049,040
Right-of-use assets	9,287	9,610	8,926	9,287	9,610	8,926
Intangible assets	42,225	34,214	24,660	42,225	34,214	24,660
Property and equipment	89,903	99,235	98,402	89,903	99,235	98,402
Deferred tax asset	29,707	7,623	11,650	29,707	7,623	11,650
Investments in subsidiary	-	-	-	100	100	100
<b>Total assets</b>	<b>5,602,344</b>	<b>5,557,907</b>	<b>5,138,953</b>	<b>5,600,726</b>	<b>5,548,690</b>	<b>5,120,894</b>
<b>LIABILITIES</b>						
Balance due to other banks	151,270	50,074	-	151,270	50,074	-
Other liabilities	50,782	47,211	49,590	50,997	46,015	49,012
Customer deposits	4,565,490	4,456,226	4,211,083	4,573,625	4,464,406	4,211,676
Current tax payable	-	170	-	-	-	-
Lease liabilities	15,802	15,878	14,700	15,802	15,878	14,700
Borrowings	199,547	256,009	271,198	199,547	256,009	271,198
Debentures	204,518	204,121	102,235	204,518	204,121	102,235
<b>Total liabilities</b>	<b>5,187,409</b>	<b>5,029,689</b>	<b>4,648,806</b>	<b>5,195,759</b>	<b>5,036,503</b>	<b>4,648,821</b>
<b>Equity</b>						
Stated capital - Ordinary shares	487,453	487,453	487,453	487,453	487,453	487,453
Retained earnings/(Accumulated losses)	(72,518)	40,765	2,694	(82,486)	24,734	(15,380)
<b>Total Equity</b>	<b>414,935</b>	<b>528,218</b>	<b>490,147</b>	<b>404,968</b>	<b>512,187</b>	<b>472,073</b>
<b>Total Equity and Liabilities</b>	<b>5,602,344</b>	<b>5,557,907</b>	<b>5,138,953</b>	<b>5,600,726</b>	<b>5,548,690</b>	<b>5,120,894</b>

## Summarised Consolidated Statements of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2025

	Group		Company	
	Restated 31 December 2025 (Audited) P'000	Restated 31 December 2024 (Audited) P'000	Restated 31 December 2025 (Audited) P'000	Restated 31 December 2024 (Audited) P'000
Interest income using effective interest rate	556,037	479,689	555,082	478,985
Interest expense	(412,017)	(269,626)	(412,527)	(269,628)
<b>Net interest income</b>	<b>144,020</b>	<b>210,063</b>	<b>142,555</b>	<b>209,357</b>
Fee and commission income	36,744	34,957	26,642	19,454
Fee and commission expense	(1,469)	(1,160)	(1,469)	(1,160)
<b>Net fee and commission income</b>	<b>35,275</b>	<b>33,797</b>	<b>25,173</b>	<b>18,294</b>
	<b>179,295</b>	<b>243,860</b>	<b>167,728</b>	<b>227,651</b>
Other income	2,912	16,693	16,661	30,537
<b>Total income</b>	<b>182,207</b>	<b>260,553</b>	<b>184,389</b>	<b>258,188</b>
Expected credit losses	(77,523)	(19,097)	(77,523)	(19,097)
Other Impairment losses	(19,262)	(7,863)	(19,262)	(7,863)
Personnel expenses	(100,251)	(93,054)	(98,921)	(91,618)
Depreciation and amortisation	(15,819)	(14,798)	(15,819)	(14,798)
Operating and expenses	(103,042)	(80,798)	(102,168)	(80,671)
<b>Total expenses</b>	<b>(315,897)</b>	<b>(215,610)</b>	<b>(313,693)</b>	<b>(214,047)</b>
<b>Profit/(loss) before taxation</b>	<b>(133,690)</b>	<b>44,943</b>	<b>(129,303)</b>	<b>44,141</b>
Taxation	20,407	(6,873)	22,084	(4,027)
<b>Profit/(loss) for the year</b>	<b>(113,283)</b>	<b>38,070</b>	<b>(107,220)</b>	<b>40,114</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive profit/(loss) for the year</b>	<b>(113,283)</b>	<b>38,070</b>	<b>(107,220)</b>	<b>40,114</b>
Basic and diluted earnings/(loss) per share(thebe)	(23.24)	7.81		

## Summarised Consolidated Statements of Changes in Equity For the year ended 31 December 2025

	Ordinary shares	Retained earnings/ (Accumulated losses)	Total equity
<b>Group</b>			
Balance at 01 January 2024 as previously reported	487,453	(3,392)	484,061
Impact of correction of error (net of tax)	-	6,086	6,086
<b>Balance at 01 January 2024 as restated</b>	<b>487,453</b>	<b>2,694</b>	<b>490,147</b>
Profit for the year	-	38,070	38,070
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>38,070</b>	<b>38,070</b>
<b>Balance at 01 January 2025</b>	<b>487,453</b>	<b>40,765</b>	<b>528,218</b>
Loss for the year	-	(113,283)	(113,283)
Other comprehensive income	-	-	-
<b>Total comprehensive Loss for the year</b>	<b>-</b>	<b>(113,283)</b>	<b>(113,283)</b>
<b>Balance at 31 December 2025</b>	<b>487,453</b>	<b>(72,518)</b>	<b>414,935</b>
<b>Company</b>			
Balance at 01 January 2024 as previously reported	487,453	(21,466)	465,987
Impact of correction of error (net of tax)	-	6,086	6,086
<b>Balance at 01 January 2024 as restated</b>	<b>487,453</b>	<b>(15,380)</b>	<b>472,073</b>
Profit for the year	-	40,114	40,114
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>40,114</b>	<b>40,114</b>
<b>Balance at 01 January 2025</b>	<b>487,453</b>	<b>24,734</b>	<b>512,187</b>
Loss for the year	-	(107,220)	(107,220)
Other comprehensive income	-	-	-
<b>Total comprehensive Loss for the year</b>	<b>-</b>	<b>(107,220)</b>	<b>(107,220)</b>
<b>Balance at 31 December 2025</b>	<b>487,453</b>	<b>(82,486)</b>	<b>404,967</b>

## Summarised Consolidated Statements of Cash Flows For the year ended 31 December 2025

	Group		Company	
	Restated 31 December 2025 (Audited) P'000	Restated 31 December 2024 (Audited) P'000	Restated 31 December 2025 (Audited) P'000	Restated 31 December 2024 (Audited) P'000
<b>Cashflows from operating activities</b>				
Interest receipts	555,804	471,077	554,849	470,373
Commission receipts	36,744	34,957	26,642	19,454
Interest payments	(379,462)	(281,772)	(379,681)	(281,774)
Commission payments	(1,469)	(1,160)	(1,469)	(1,160)
Other income	4,740	5,231	6,458	6,945
Dividend received	-	-	12,031	12,130
Cash payments to employees and suppliers	(195,856)	(170,307)	(193,652)	(168,744)
Proceeds from sale of properties in possession	5,203	4,715	5,203	4,715
Income tax paid	(2,748)	(2,608)	65	3
<b>Net cash generated from operating activities before changes in working capital</b>	<b>22,956</b>	<b>60,133</b>	<b>30,446</b>	<b>61,942</b>
<b>Changes in working capital:</b>				
(Increase)/Decrease in other assets	(2,637)	337	(6,779)	4,484
Decrease in balance due from related company	-	-	277	2,657
Increase in loans and advances to customers	(78,596)	(586,801)	(78,596)	(586,801)
Increase in customers' deposits	75,446	259,217	75,110	266,804
Increase/(Decrease) in other liabilities	3,596	(2,346)	5,007	(2,967)
Repayment of balances from other banks	(50,000)	-	(50,000)	-
Receipt of balances from other banks	150,000	50,000	150,000	50,000
<b>Net cash from/(used in) operating activities</b>	<b>120,765</b>	<b>(219,460)</b>	<b>125,465</b>	<b>(203,881)</b>
<b>Cashflows from investing activities</b>				
Purchase of property and equipment	(17,552)	(7,505)	(17,552)	(7,505)
Proceeds from non-current assets held for sale	-	24,197	-	24,197
Purchase of intangible assets	(16,752)	(9,736)	(16,752)	(9,736)
New placements of financial investments	(139,747)	(404,031)	(139,747)	(404,031)
Maturities of financial investments	19,959	380,081	19,959	380,081
<b>Net cash used in investing activities</b>	<b>(154,092)</b>	<b>(16,994)</b>	<b>(154,092)</b>	<b>(16,992)</b>
<b>Cash flows used in financing activities</b>				
New borrowings raised	50,000	-	50,000	-
Repayment of borrowings	(103,607)	(15,158)	(103,607)	(15,158)
New debentures issued	-	100,000	-	100,000
Payment of lease liabilities	(2,326)	(1,948)	(2,326)	(1,948)
<b>Net cash (used in)/generated from financing activities</b>	<b>(55,933)</b>	<b>82,894</b>	<b>(55,933)</b>	<b>82,894</b>
Net movement in cash and cash equivalents	(89,260)	(153,560)	(84,560)	(137,979)
Cash and cash equivalents at the beginning of the year	675,794	829,354	670,426	808,405
Effect of exchange rate changes on cash and cash equivalents	(1,828)	-	(1,828)	-
<b>Cash and cash equivalents at the end of the year</b>	<b>584,706</b>	<b>675,794</b>	<b>584,038</b>	<b>670,426</b>

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Short term or long term, we've got you covered  
Whether it's a sudden storm or a long journey ahead, our insurance



#### Activities

The Bank obtained its commercial banking license on 06 October 2022, after changing its name from BBS Limited to BBS Bank Limited on 06 September 2022, to facilitate the issuance of the banking license. Following the acquisition of the banking license, the Bank began its journey to transition into a commercial bank in January 2023. This journey involved transitioning into a fully-fledged bank, focusing on developing banking capabilities and introducing a wide array of banking services and products. The Bank established an Insurance Agency, BBS Insurance Agency Limited on 08 June 2022 as part of its long-term strategic plan to diversify its portfolio and offerings.

#### Comparative Financial Information

The comparative financial information considered in these financial statements relate to the audited financial information for the year ended 31 December 2024.

#### Dividend

The Bank did not declare or pay any dividend during the current and previous years. The Bank's wholly owned subsidiary, BBS Insurance Agency Limited, declared and paid dividend to the Bank amounting to P12.031 million during the current year (2024: P12.130m). This dividend is included in "Other Income" in the Bank's separate financial statements.

#### Related party transactions

Mr. Geoffrey M. Bakwena (Non-Executive Director), Mrs. Pedzani Tafa (Executive Director) and some members of Executive Management are BBS Bank Limited shareholders. The other Directors do not hold shares directly or indirectly in the Group and Company.

#### Key Sources of estimation

The preparation of the Group and Company's consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group and Company's accounting policies, management has made judgments in certain areas, which have the most significant effect on the amounts recognised in the consolidated and separate financial statements. These are outlined in the full set of the Group and Company's consolidated financial statements

#### Reporting entity

The Company and its subsidiary are limited liability companies incorporated and domiciled in Botswana. The address of the Group and Company's registered office is Plot 13108-112 Broadhurst, Gaborone. The Company is primarily involved in the provision of banking services while the subsidiary is involved in offering insurance agency services. These financial statements represent the Group's consolidated and separate financial statements. The consolidated and separate financial statements were approved for issue by the Directors on 31st March 2026.

#### Basis of preparation

These consolidated and separate financial statements for the year ended 31 December 2025 have been prepared on a going concern basis in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and in compliance with the Companies Act (CAP 42:01), Banking Act (CAP 46:04) and Insurance Industry Act (CAP46:01).

These accounting policies are consistent with those applied in the previous year unless otherwise stated.

#### Consolidation

##### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank ("the Company") and its subsidiary ("jointly the Group") as at 31 December 2025. The Bank consolidates a subsidiary when it controls it.

The Company has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of the subsidiary are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Investments in subsidiaries are measured at cost less accumulated impairment losses in the company's financial statements.

Adjustments are made when necessary to the consolidated and separate financial statements of the subsidiary to bring their accounting policies in line with those of the Group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Management has assessed the Group and Company's ability to continue as a going concern and is satisfied that the Group and Company has the resources to continue in business for the foreseeable future. There are significant judgements involved in the assessment of whether the going concern assumption remains appropriate.

This going concern basis applied presumes that resources will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

##### Prior period error

During the year, management identified and corrected prior period errors relating to (i) the classification of certain balances between cash and cash equivalents and financial investments, (ii) the accounting treatment of loan administration fees, and (iii) the presentation of financial assets based on liquidity.

The classification error arose from an incorrect application of the definition of cash equivalents, resulting in certain balances with original maturities exceeding three months being previously included in cash and cash equivalents. In addition, loan administration fees were previously recognised as fee and commission income instead of being incorporated into the effective interest rate and recognised as part of interest income in accordance with IFRS 9 - Financial Instruments. Furthermore, the prior year financial statements did not consistently present financial assets in order of liquidity.

In accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, these errors have been corrected retrospectively, resulting in the restatement of comparative information.

The cumulative impact of the errors resulted in an adjustment to retained earnings as at 1 January 2024 of P6.086 million (net of tax), as reflected in the statement of changes in equity.

The restatement impacted cash and cash equivalents, financial investments, loans and advances to customers, fee and commission income, interest income and retained earnings for the respective periods.

##### Events after the reporting date

Management has evaluated all events and transactions that occurred subsequent to the date of the financial statements but before the date of issuance. Other than the item noted below, there were no material subsequent events to report.

**Board Resignation:** Mr. Mmoloki W. Mogotsi resigned as a director of the Bank effective 31 January 2026.

##### Auditor's review

The consolidated financial statements from which the financial information is set out in the announcement has been audited by PriceWaterhouseCoopers, the Group's external auditors. The accompanying audit report is available for inspection at the Group's registered office.

Dr. Vincent B. Mogano

Chairperson - Board

Mrs. Pedzani Tafa

Managing Director



**Trolley Dash is back!**

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